

SANDSTONE CHARTER TOWNSHIP

JACKSON COUNTY - MICHIGAN

38-1140

FINANCIAL STATEMENTS AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Year Ended March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SANDSTONE CHARTER TOWNSHIP	County JACKSON
Audit Date 3/31/04	Opinion Date 6/15/04	Date Accountant Report Submitted to State: 8/26/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) DOVE & HICKEY PLC			
Street Address 209 E. WASHINGTON AVE., SUITE 255	City JACKSON	State MI	ZIP 49201
Accountant Signature <i>Don Dove CPA</i>		Date 8/26/04	

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Dove & Hickey, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ALLISON I. COLE, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Township Board
Sandstone Charter Township
Jackson County, Michigan

We have audited the accompanying general purpose financial statements of Sandstone Charter Township as of and for the year ended March 31, 2004. The general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Sandstone Charter Township as of March 31, 2004, and the results of its operations and cash flows of its non-expendable trust fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Sandstone Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Dove & Hickey, P.L.C.

June 15, 2004

SANDSTONE CHARTER TOWNSHIP
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSETS</u>
<u>ASSETS</u>				
Cash	\$111,103	\$103,475	\$ 12,466	\$ -0-
Receivables:				
Accounts receivable	6,719	1,100	-0-	-0-
Taxes	5,871	-0-	-0-	-0-
Fixed assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>513,590</u>
Total assets	<u>\$123,693</u>	<u>\$104,575</u>	<u>\$ 12,466</u>	<u>\$513,590</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ <u>1,920</u>	\$ <u>1,545</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total liabilities	<u>1,920</u>	<u>1,545</u>	<u>-0-</u>	<u>-0-</u>
Fund Equity:				
Investment in general fixed assets	-0-	-0-	-0-	513,590
Fund balances:				
Reserved for specific purposes	-0-	-0-	9,000	-0-
Unreserved	<u>121,773</u>	<u>103,030</u>	<u>3,466</u>	<u>-0-</u>
Total fund equity	<u>121,773</u>	<u>103,030</u>	<u>12,466</u>	<u>513,590</u>
Total liabilities and fund equity	<u>\$123,693</u>	<u>\$104,575</u>	<u>\$ 12,466</u>	<u>\$513,590</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended March 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
REVENUES:		
Property taxes	\$ 78,520	\$ -0-
Licenses and permits	10,151	27,420
State shared revenue	214,469	-0-
Charges for services	15,433	-0-
Refunds and reimbursements	1,776	-0-
Interest	1,015	1,035
Other	1,139	-0-
Total revenues	<u>322,503</u>	<u>28,455</u>
EXPENDITURES:		
Current:		
Township Board	42,001	-0-
Supervisor/Assessor	46,410	-0-
Election	-0-	-0-
Clerk	47,846	-0-
Treasurer	34,079	-0-
Township hall	15,900	-0-
Board of Review	1,589	-0-
Building Authority	-0-	29,654
Highways, streets and bridges	50,289	-0-
Planning	12,112	-0-
Public safety	109,736	-0-
Recreation	400	-0-
Cemetery	3,200	-0-
Library	639	-0-
Capital outlay	-0-	86,246
Total expenditures	<u>364,201</u>	<u>115,900</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(41,698)</u>	<u>(87,445)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	-0-	10,000
Operating transfers (out)	<u>(10,000)</u>	<u>-0-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>10,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER USES	<u>(51,698)</u>	<u>(77,445)</u>
FUND BALANCE - APRIL 1	<u>173,471</u>	<u>180,475</u>
FUND BALANCE - MARCH 31	<u>\$121,773</u>	<u>\$103,030</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Property taxes	\$210,000	\$ 78,520	(\$131,480)
Licenses and permits	120	10,151	10,031
State shared revenue	176,100	214,469	38,369
Charges for services	13,000	15,433	2,433
Refunds and reimbursements	-0-	1,776	1,776
Interest	2,400	1,015	(1,385)
Other	-0-	1,139	1,139
Total revenues	<u>401,620</u>	<u>322,503</u>	<u>(79,117)</u>
EXPENDITURES:			
Current:			
Township Board	50,000	42,001	7,999
Supervisor/Assessor	50,000	46,410	3,590
Elections	2,700	-0-	2,700
Clerk	50,000	47,846	2,154
Treasurer	40,000	34,079	5,921
Township hall	65,000	15,900	49,100
Board of Review	3,000	1,589	1,411
Building Authority	-0-	-0-	-0-
Highways, streets and bridges	65,000	50,289	14,711
Planning	20,000	12,112	7,888
Public Safety	122,123	109,736	12,387
Recreation	400	400	-0-
Cemetery	3,200	3,200	-0-
Library	1,000	639	361
Other services and charges	6,843	-0-	6,843
Capital outlay	-0-	-0-	-0-
Total expenditures	<u>479,266</u>	<u>364,201</u>	<u>115,065</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(77,646)</u>	<u>(41,698)</u>	<u>35,948</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-0-	-0-	-0-
Operating transfers (out)	<u>(51,000)</u>	<u>(10,000)</u>	<u>41,000</u>
Total other financing sources (uses)	<u>(51,000)</u>	<u>(10,000)</u>	<u>41,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER USES	<u>(128,646)</u>	<u>(51,698)</u>	<u>76,948</u>
FUND BALANCE - APRIL 1	<u>128,646</u>	<u>173,471</u>	<u>44,825</u>
FUND BALANCE - MARCH 31	<u>\$ -0-</u>	<u>\$121,773</u>	<u>\$121,773</u>

See accompanying notes to financial statements.

SPECIAL REVENUE FUND

<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -0-	\$ -0-	\$ -0-
30,000	27,420	(2,580)
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
2,000	1,035	(965)
-0-	-0-	-0-
<u>32,000</u>	<u>28,455</u>	<u>(3,545)</u>
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
30,000	29,654	346
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
<u>230,462</u>	<u>86,246</u>	<u>144,216</u>
<u>260,462</u>	<u>115,900</u>	<u>144,562</u>
(228,462)	(87,445)	141,017
51,000	10,000	(41,000)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>51,000</u>	<u>10,000</u>	<u>(41,000)</u>
(177,462)	(77,445)	100,017
<u>177,462</u>	<u>180,475</u>	<u>3,013</u>
\$ <u>-0-</u>	\$ <u>103,030</u>	\$ <u>103,030</u>

SANDSTONE CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES -
NON-EXPENDABLE FIDUCIARY FUND -
CEMETERY TRUST FUND
Year Ended March 31, 2004

	FIDUCIARY FUND <hr/> NON-EXPENDABLE TRUST <hr/>
OPERATING INCOME	\$ <u>-0-</u>
NON-OPERATING REVENUES:	
Interest earned	<u>162</u>
Total non-operating revenues	<u>162</u>
NET INCOME	162
FUND BALANCE - APRIL 1	<u>12,304</u>
FUND BALANCE - MARCH 31	\$ <u>12,466</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS -
NON-EXPENDABLE FIDUCIARY FUND -
CEMETERY TRUST FUND
Year Ended March 31, 2004

	FIDUCIARY FUND <u>NON-EXPENDABLE TRUST</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 162
Adjustment to reconcile net income to net cash provided by operating activities:	
Interest on cash equivalents	<u>(162)</u>
Net cash provided by operating activities	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash equivalents	<u>162</u>
Net cash provided by investing activities	<u>162</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	162
CASH AND CASH EQUIVALENTS - APRIL 1	<u>12,304</u>
CASH AND CASH EQUIVALENTS - MARCH 31	\$ <u>12,466</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (primary government). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Joint Ventures

Fire and Police Boards

The Township, Parma Township, and the Village of Parma support and govern the Parma-Sandstone Fire Board and Police Board. The financial statements of the Parma-Sandstone Fire Board and Police Board are not included in this report. The Parma-Sandstone Fire Board and Police Board is administered and employees are paid by the Village of Parma. Forty percent of fire operating expenses, 33-1/3 percent of fire capital outlay, and 35 percent of police operating expenses, which are the Township's portion, are included in these financial statements. Sandstone Charter Township's appropriation for the fiscal year was \$51,695 in operations and \$39,333 in capital outlay for fire and \$58,041 in operations and \$26,527 in capital outlay for police, for a total of \$175,596.

Local Development Finance Authority

The Parma Village Local Development Finance Authority (LDFA) which was created pursuant to the provisions of Public Act 281 of 1986, is governed by an eleven (11) member board, which consists of five (5) representatives appointed by the Village of Parma, three (3) representatives appointed by Sandstone Charter Township, two (2) representatives of Western School District, and one (1) each appointed by the County of Jackson and Jackson Community College. All financial operations of the LDFA are included in the Village of Parma's financial statements.

The Township conditionally transfers to the Village of Parma jurisdiction over the district area until December 31, 2021. The LDFA captures property taxes within the district over the initial assessed value of the same property (assessed value at the time of the LDFA's creation), multiplied by the millage rates (operating only) of all applicable units of government. The captured property taxes in excess of expenditures are disbursed proportionally to the tax units based on their millage rates, except for the Village of Parma and the Township. The excess attributable to the Village and the Township is to be disbursed entirely to the Township until the Township has received \$445,302, after which the excess will be divided 50 percent to the Village and 50 percent to the Township for the duration of the contract. The excess received for the year ended March 31, 2004 by the Township was \$-0-.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements of the joint ventures can be obtained from the Village of Parma, P.O. Box 127, Parma, MI 49269.

Basis of Presentation

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups of the Township are as follows:

Governmental Funds:

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specific purposes. Special revenue funds are used for public improvements and building construction code enforcement activities.

Fiduciary Funds:

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individual, private organizations or other governmental units. The Township is trustee for the agency Anna Tasker Cemetery Fund in which all monies are restricted for maintenance of area cemeteries. The Township utilizes an agency fund to account for current property tax revenues collected and another agency fund for the collection of assessments for the Hurst Industrial Park sanitary sewer improvements.

Account Groups:

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recorded when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and as revenues when available to finance current operations. Revenues susceptible to accrual include expenditure reimbursement type grants, certain intergovernmental revenues and operating transfers. Expenditures are recorded when the liability is incurred, except for interest on long-term debt, which is recorded when paid. The financial activity of the Agency Funds is limited to collection of amounts which are subsequently returned or paid to third parties and, accordingly, are limited to cash transactions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Township considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of purchase to be cash equivalents.

Budgets

Governmental funds are under formal budgetary control. Budgets shown in the financial statements were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those contained in the formal budget approved by the Township Board. Budgetary control is exercised at the activity level. Any revisions to the budget must be approved by the Township Board. Unexpended appropriations lapse at year end. For the year ended, the original budgeted expenses of \$581,400 were decreased to \$530,266 for the General Fund. The original budgeted expenses of \$371,781 were decreased to \$260,462 for the Special Revenue Funds. The amended budget for the General Fund, Public Improvement Fund, and Building Department Fund are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds.

Property Tax Revenue Recognition

Property tax revenue is normally recognized in the year for which taxes have been levied, provided they are collectible during the year or within 60 days following that fiscal year's end. Delinquent property taxes are turned over to the County which reimburses the Township from its Revolving Tax Fund.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets used in governmental fund type operations are recorded as expenditures in the fund at time of purchase. Purchased assets are then capitalized at cost where historical records are available and at estimated historical cost where no record exists in the general fixed assets group of accounts. Donated assets are valued at their estimated fair market value on the date received. No depreciation is provided on these fixed assets.

Public domain fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized.

Reservations of Fund Balances

The following is a schedule showing designation of fund balance at March 31, 2004:

<u>Fund</u>	<u>Amounts Reserved For</u>	<u>Amount</u>
<u>Cemetery Trust Fund</u>		
Nonexpendable	Investment only	\$ <u>9,000</u>
Total fund balance - reserved for specific purposes		\$ <u>9,000</u>

Interfund Transactions

Operating transfers reported as other financing sources or uses in the accompanying financial statements reflect the transfer of operating subsidies from one fund to another.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

2. CURRENT TAX COLLECTION AGENCY FUND

The Township collected \$5,809,776 in property tax, penalties and interest. These monies were distributable to the following governmental units:

Jackson County	\$1,274,904
Jackson County Intermediate Schools	965,934
Northwest Schools	29,253
Western Schools	1,732,781
State of Michigan	962,205
Sandstone Charter Township - General Fund	68,236
LDFA Treasurer	762,048
Other	<u>14,415</u>
	<u>\$5,809,776</u>

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>4/1/03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3/31/04</u>
Land and improvements	\$ 29,175	\$ 80,474	\$ -0-	\$ 109,649
Buildings	365,109	-0-	60,089	305,020
Machinery and equipment	<u>95,426</u>	<u>3,495</u>	<u>-0-</u>	<u>98,921</u>
Totals	<u>\$ 489,710</u>	<u>\$ 83,969</u>	<u>\$ 60,089</u>	<u>\$ 513,590</u>

5. PROPERTY TAXES

The Township property tax is levied each December 1, on the assessed valuation of property located in the Township as of the preceding December 31, the lien date. Assessed values are established annually by the County and are equalized by the State at an estimated 50% of current market value. The 2003 taxable value of the Township totaled \$123,786,889 on which ad valorem of .8231 mills were levied. Approximately \$33,800,000 of taxable value was captured by the Parma Village LDFA and approximately \$89,986,889 was for Township operating purposes.

Property tax revenues are recognized when they become available. Property taxes are considered available when levied. The tax levy date for the year ended March 31, 2004, is December 1, 2003. The collection period for property taxes levied December 1, 2003, is from the levy date to February 29, 2004, when they are turned over to the County for collection.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

6. BALANCE SHEET - CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in three banks in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for Sandstone Charter Township's cash deposits at March 31, 2004, are as follows:

BANK BALANCE

<u>DEPOSITS</u>	<u>TOTAL</u>
Insured (FDIC)	\$112,466
Uninsured	<u>120,236</u>
Total deposits	<u>\$232,702</u>

At March 31, 2004, the balance sheet carrying amount of deposits was \$227,044.

In accordance with GASB Statement No. 3, investments are classified into three categories of credit risk as follows:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the Township's name.

Category 3: Uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent but not in the Township's name.

At March 31, 2004, the Township had no credit risk investments.

SANDSTONE CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

7. CONTINGENCIES

The Township as a result of its contract with the Village of Parma, has received excess LDFA distributions attributable to the Village of Parma. The Township is a party to a Michigan tax tribunal case relative to prior over-assessment of property within the LDFA district. The Township may be required to refund some of the excess monies previously received, under its contract with the Village of Parma, as a result of this case. The effect on the financial statements, if any, cannot be reasonably determined at this time.

SUPPLEMENTARY INFORMATION

SANDSTONE CHARTER TOWNSHIP
COMBINING BALANCE SHEET -
ALL SPECIAL REVENUE FUNDS
March 31, 2004

	<u>BUILDING DEPARTMENT FUND</u>	<u>PUBLIC IMPROVEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 1,086	\$102,389	\$103,475
Accounts receivable	<u>1,100</u>	<u>-0-</u>	<u>1,100</u>
Total assets	<u>\$ 2,186</u>	<u>\$102,389</u>	<u>\$104,575</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ <u>1,545</u>	\$ <u>-0-</u>	\$ <u>1,545</u>
Total liabilities	<u>1,545</u>	<u>-0-</u>	<u>1,545</u>
Fund balances:			
Unreserved	<u>641</u>	<u>102,389</u>	<u>103,030</u>
Total fund balances	<u>641</u>	<u>102,389</u>	<u>103,030</u>
Total liabilities and fund balances	<u>\$ 2,186</u>	<u>\$102,389</u>	<u>\$104,575</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
 March 31, 2004

	BUILDING DEPARTMENT FUND	PUBLIC IMPROVEMENT FUND	TOTAL
REVENUES:			
Licenses and permits	\$ 27,420	\$ -0-	\$ 27,420
Interest	<u>-0-</u>	<u>1,035</u>	<u>1,035</u>
Total revenues	<u>27,420</u>	<u>1,035</u>	<u>28,455</u>
EXPENDITURES:			
Current:			
Building Authority	29,654	-0-	29,654
Capital outlay	<u>-0-</u>	<u>86,246</u>	<u>86,246</u>
Total expenditures	<u>29,654</u>	<u>86,246</u>	<u>115,900</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,234)</u>	<u>(85,211)</u>	<u>(87,445)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-0-	10,000	10,000
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER USES	(2,234)	(75,211)	(77,445)
FUND BALANCE - APRIL 1	<u>2,875</u>	<u>177,600</u>	<u>180,475</u>
FUND BALANCE - MARCH 31	\$ <u><u>641</u></u>	\$ <u><u>102,389</u></u>	\$ <u><u>103,030</u></u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
March 31, 2004

	NON-EXPENDABLE TRUST FUND CEMETERY TRUST	AGENCY FUNDS TRUST AND AGENCY	CURRENT TAX COLLECTIONS	TOTAL
<u>ASSETS</u>				
Cash	\$ <u>12,466</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>12,466</u>
Total assets	\$ <u>12,466</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>12,466</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Reserved for specific purposes	9,000	-0-	-0-	9,000
Unreserved	<u>3,466</u>	<u>-0-</u>	<u>-0-</u>	<u>3,466</u>
Total fund balance	<u>12,466</u>	<u>-0-</u>	<u>-0-</u>	<u>12,466</u>
Total liabilities and fund balance	\$ <u>12,466</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>12,466</u>

See accompanying notes to financial statements.

SANDSTONE CHARTER TOWNSHIP
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 Year Ended March 31, 2004

<u>CURRENT TAX COLLECTION FUND</u>				
	<u>BALANCE</u>			<u>BALANCE</u>
	<u>4/1/03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>3/31/04</u>
<u>ASSETS</u>				
Cash	\$ <u>-0-</u>	\$ <u>5,809,776</u>	\$ <u>5,809,776</u>	\$ <u>-0-</u>
Total assets	\$ <u>-0-</u>	\$ <u>5,809,776</u>	\$ <u>5,809,776</u>	\$ <u>-0-</u>
 <u>LIABILITIES</u>				
Liabilities:				
Due to other funds	\$ -0-	\$ 68,236	\$ 68,236	\$ -0-
Due to county	-0-	1,274,904	1,274,904	-0-
Due to schools	-0-	2,727,968	2,727,968	-0-
Due to other governments	-0-	1,724,253	1,724,253	-0-
Due to others	<u>-0-</u>	<u>14,415</u>	<u>14,415</u>	<u>-0-</u>
Total liabilities	\$ <u>-0-</u>	\$ <u>5,809,776</u>	\$ <u>5,809,776</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

TRUST AND AGENCY FUND

<u>BALANCE</u> <u>4/1/03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>3/31/04</u>	<u>TOTAL</u>
\$ <u>-0-</u>	\$ <u>9,712</u>	\$ <u>9,712</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$ <u>-0-</u>	\$ <u>9,712</u>	\$ <u>9,712</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
 \$ -0-	 \$ -0-	 \$ -0-	 \$ -0-	 \$ -0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	9,712	9,712	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>-0-</u>	\$ <u>9,712</u>	\$ <u>9,712</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

Dove & Hickey, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

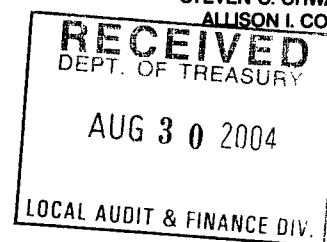
209 E. Washington Ave., Suite 255 • Jackson, Michigan 49201
Phone (517) 796-8880 • Fax (517) 796-8777

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

GEORGE DOVE, C.P.A.
PAUL T. HICKEY, C.P.A.
NANNETTE M. SPONSER, C.P.A.
STEVEN C. CHWATUN, C.P.A.
ALLISON I. COLE, C.P.A.



June 15, 2004

Township Board
Sandstone Charter Township
Jackson County, Michigan

Board Members:

We have audited the general purpose financial statements of Sandstone Charter Township for the year ended March 31, 2004, and we have rendered our opinion thereon dated June 15, 2004. Based upon our audit, we offer the following comments:

General Procedures

During our audit, we noticed that the check numbers were not always recorded in the disbursement journal. We suggest that the check numbers always be recorded in order to maintain adequate accounting records.

The State of Michigan requires receipts to be recorded as revenues. We noticed that several reimbursements received by the Township were recorded in an expenditure account. Reimbursements should be recorded in a revenue account.

During our audit, we noticed that an invoice for a Board approved expenditure for the joint Parma-Sandstone Fire Dept. was not available. We suggest that the Township request documentation from the Village of Parma before approving and paying the expenditures, so that the Township has a record of the items purchased.

During the audit, we noted several instances where property taxes were not disbursed within 15 days of receipt as required by State law. We suggest that more care be taken to timely disburse taxes.

We also suggest that the Township consider adopting the budget using the general appropriations act resolution. A copy can be found on the MTA's website.

We appreciate the opportunity to serve you. If you have any questions regarding this letter, please contact us.

Respectfully yours,

Dove & Hickey, P.L.C.